

**LEMON GROVE CITY COUNCIL, LIGHTING DISTRICT BOARD, SANITATION DISTRICT
BOARD, AND LEMON GROVE SUCCESSOR AGENCY
AGENDA ITEM SUMMARY**

Item No. 2
Mtg. Date March 21, 2017
Dept. City Manager Office & Finance

Item Title: **Fiscal Year 2016-17 Mid-Year Budgets**

Staff Contact: Gilbert Rojas, Interim Finance Director

Recommendation:

Adopt resolution approving Fiscal Year 2016-17 Mid-Year Budgets.
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Item Summary:

On June 21, 2016 the City Council adopted the Fiscal Year 2016-17 Consolidated Operating & Capital Budget for the City, Lighting District, Sanitation District, and Successor Agency. The staff report (**Attachment A**) addresses proposed midyear changes to the General Fund,

Fiscal Impact:

None.

Environmental Review:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Not subject to review | <input type="checkbox"/> Negative Declaration |
| <input type="checkbox"/> Categorical Exemption, Section | <input type="checkbox"/> Mitigated Negative Declaration |

Public Information:

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> None | <input type="checkbox"/> Newsletter article | <input type="checkbox"/> Notice to property owners within 300 ft. |
| <input type="checkbox"/> Notice published in local newspaper | <input type="checkbox"/> Neighborhood meeting | |

Attachments:

- A. Staff Report
- B. Resolution – Mid Year Budgets
- C. Exhibits

Exhibit 1

LEMON GROVE CITY COUNCIL, LIGHTING DISTRICT BOARD, SANITATION DISTRICT BOARD, AND LEMON GROVE SUCCESSOR AGENCY STAFF REPORT

Item No. 2

Mtg. Date March 21, 2017

Item Title: **Fiscal Year 2016-17 Mid-Year Budgets**

Staff Contact: Gilbert Rojas, Interim Finance Director

Discussion:

On June 21, 2016, the City Council adopted a City-wide Consolidated Operating & Capital Budget for Fiscal Year 2016-17. Since the budget was adopted, the revenues and expenditures for FY 2015-16 have been finalized and audited. In addition, staff has monitored the revenue projections for the first seven months of the Fiscal Year. Staff recommends that the City Council consider midyear modifications to the FY 2016-17 Budget.

General Fund & General Reserve Fund

The following table compares the adopted FY 2016-17 General Fund and General Reserve Budgets with the proposed midyear adjustments into the totals. The combined ending balance complies with City Council Resolution No. 3111 reserving a minimum of 25% of General Fund operating expenditures (\$3,315,875).

Fund	FY 2016-17	
	Adopted	Proposed
<u>General Fund</u>		
Balance Forward	\$ 3,144,700	\$ 4,253,899
Revenue	12,220,020	11,975,020
Expenditures	(13,013,500)	(13,263,500)
Transfers	793,480	863,480
Ending Balance	<u>\$ 3,144,700</u>	<u>\$ 3,828,899</u>
<u>General Reserve Fund</u>		
Balance Forward	\$ 623,800	\$ 488,203
Revenue	5,000	5,000
Expenditures	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 628,800</u>	<u>\$ 493,203</u>
<u>Total Combined Ending Balances</u>		
	\$ 3,773,500	\$ 4,322,102

Staff recommends that the General Fund revenues be decreased in total by \$245,000. This entails a decrease in the revenue estimates in Sales Tax (\$250,000), and Building Permits (\$70,000) as well as an increase in Property Tax estimate (\$75,000). The City Council previously approved an additional \$150,000 appropriation for the Sage project and staff is also recommending the appropriation of \$100,000 within the General Fund to supplement the

Exhibit 1

Connect Main Street grant monies previously secured. Lowering “transfers out” to the Gas tax fund from \$100,000 to \$30,000 is also proposed by Staff. All proposed revenue changes are a result of the activity within the first seven months of the Fiscal Year.

Gas Tax Fund

Revenue from the taxing of gasoline sales is still lower than in past years, however direct salary costs charged to the this Fund were reduced in the 16-17 budget by absorbing the staff cost in the General Fund. The Gas Tax revenues have stabilized and the General Fund subsidy can be reduced.

During the year, the City Council has approved other items that affect the Adopted 2016-17 Budget. This items are summarized below:

Park Fund

On October 18, the City Council approved using \$5,000 in Park Funds for the Skate park expansion.

Grants Fund

During the 16-17 Fiscal Year, staff has presented the following grants for acceptance and approval: Irrigation controller replacement, Skate park expansion, Safety Analysis Report, Connect Main Street, SANDAG Bike grant, and Department of Justice Bicycle Patrol.

TransNet Fund

On November 15, The City Council approved a midyear adjustment to our FY 16-17 Street Program.

STOP Fund

On September 6, the City Council approved the purchase of a DUI trailer and additional traffic accident scene training.

Lemon Grove Avenue Realignment Fund

Part of the Lemon Grove realignment funding comes from a State of California grant.

Conclusion:

Staff recommends approval of the midyear adjustments and the appropriate Resolution.

Exhibit 1

Amendment to 16-17 Budget

	Council approved	General 01	Park 05	Grants 08	TransNet 14	STOP 23	Realignment 40
Estimated Revenue		12,220,020	10,000	0	2,346,700	0	0
Reduce Sales tax estimate	March 21	(250,000)					
Reduce Building permit estimate	March 21	(70,000)					
Increase Property Tax estimate	March 21	75,000					
State reimbursement-irrigation	Sept. 6			47,520			
Skatepark expansion	Oct.18			85,000			
Safety Analysis Report Program	Oct.18			30,690			
TransNet Midyear adjustment	Nov. 15				200,300		
correction to TransNet					805,687		
Connect Main Street	Aug. 4, 2015			279,500			
Federal DOJ	Jan 17			10,850			
SANDAG	Jan 17			3,000			
State Housing Grant							1,560,000
Total Estimated Revenue		11,975,020	10,000	456,560	3,352,687	0	1,560,000
Appropriations		13,013,500	75,000	0	2,353,600	12,450	0
Lemon Grove realignment					(402,000)		1,560,000
Lemon Grove realignment					805,000		
Broadway DVSP					(123,000)		
Broadway DVSP					76,016		
Main Street Promenade					(21,000)		
LG17 nonexistent					(50,000)		
					50,000		
Sage Project	July 19	150,000					
Irrigation controller replacement	Sept. 6			47,520			
DUI Trailer	Sept. 6					10,500	
Training	Sept. 6					4,000	
Skatepark expansion	Oct. 18		5,000	85,000			
Safety Analysis Report Program	Oct. 18			30,690			
Connect Main Street	Aug. 4, 2015	100,000		279,500			
SANDAG Bike grant	Jan 17			3,000			
DOJ Bicycle Patrol	Jan 17			10,850			
TransNet midyear Adjustment	Nov. 15				10,000		
					50,000		
					60,000		
					688,687		
					25,000		
					(21,000)		
Total Appropriations		13,263,500	80,000	456,560	3,501,303	26,950	1,560,000
Transfers In/Out		793,480					
Reduction of Gas Tax transfer		70,000					
		863,480					
FY 16-17 Over/(Under) Budget		(425,000)	(70,000)	0	(148,616)	(26,950)	0

Exhibit 1

RESOLUTION NO. 2017-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEMON GROVE, CALIFORNIA APPROVING THE CITY OF LEMON GROVE MID-YEAR BUDGET FOR FISCAL YEAR 2016- 2017 AND AUTHORIZING EXPENDITURES THERETO

WHEREAS, on June 21, 2016 the City Council adopted Resolution No. 2016-3433 approving the Consolidated Budget for Fiscal Year 2016-17; and

WHEREAS, said Budget warrants revision to reflect new information regarding revenue and expenditure projections; and

WHEREAS, said Budget warrants revision to reflect actions taken by the City Council since its adoption that affect the budget; and

WHEREAS, the City Council has reviewed the proposed revisions.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lemon Grove, California hereby:

- 1.) Approves the Lemon Grove Fiscal Year 2016-17 Mid-Year Budget (Exhibit 1); and
Authorizes expenditures thereto;

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